



REPORTS TO COUNCIL

SUBJECT: Large-scale Retail Uses In
Industrial Lands

DATE: April 10, 1987

COMMITTEE ACTION:

On April 2, 1987, the Standing Committee on Finance and Priorities resolved that the issue of large-scale uses in industrial areas be referred to the next meeting of Council, and that further delegations be received at that time. The relevant extract from the Committee's report is attached.

CITY COUNCIL ACTION:

Extract from the minutes of the Vancouver City Council meeting held on April 14, 1987, the relevant clause from the Finance and Priorities report of April 2, 1987, is also attached.

At its meeting of April 2, 1987, the Standing Committee on Finance & Priorities resolved that the issue of large-scale uses in industrial areas be referred to the next meeting of Council, and that further delegations be received at that time.

Accordingly, Council had before it the Committee's report forwarding for consideration the following recommendations of the City Manager and Director of Planning:

- A. That the Director of Planning report back on the process and resources required to expeditiously produce a plan which accommodates large-scale retail uses in the City in a manner which is equitable and which responds to Council's many concerns about such uses.
- B. That Council concur with the Director of Planning's assessment that in the context of a commitment to produce a large-scale retail plan, the proposal from Westfair Foods deserves favourable consideration as a set of uses complying with the existing M-2 schedule.
- C. That Council concur with the Director of Planning's assessment that approval of a conditional use development permit for Titan Wholesale Club would establish an undesirable precedent for other similar applications, and therefore the application should not be approved.

Representations were made by the following delegations:

Mr. Michael Audain, Polygon Properties Ltd., (brief filed) refuted some misconceptions regarding Titan Wholesale Club which had been incorrectly portrayed as a proposed mega-store. Titan's proposal for the former Simmons property, Grandview Highway, represents a new direct sale wholesale activity which does not fit any of the fixed categories in Vancouver's industrial or commercial zones. The use will be primarily

wholesale, oriented to small grocers and retailers and should not have been included in a report dealing with large-scale retail uses.

Mr. John Northey, Vice-President of Polygon Properties Ltd., submitted the Titan operation was a new inner city industry replacing many industries which have left core areas for the suburbs.

Mr. Douglas Jung, Lower Mainland Independent Grocer's Association and Western Merchants' Co-operative, representing 314 grocery stores, contended large-scale retailing represented unfair competition in the marketplace and urged Council reject a development proposal that clearly contravened permitted use in an M-2 zone.

Ms. Patricia Coutts, Hastings-Sunrise Citizens Planning Committee, asked Council to reaffirm its policy statement of October 1985, and not favour rezoning of industrial lands to accommodate mega-markets. The loss of neighbourhood supermarkets in the face of competition from mega-markets could induce a domino factor that could threaten the continuing viability of commercial strips throughout the city.

Mr. Allan Davis, Urban Development Institute, stated hundreds of acres of industrial land were currently lying vacant. There was no incompatibility between a retail outlet and an industrial use. Council may stop mega-markets in the City but they were locating in neighbouring municipalities and Vancouver shoppers were taking advantage of the services they offered.

Mr. David Aitken, Architect, whose firm represents Westfair Foods of Winnipeg, stated Westfair's proposal represented a significant investment of \$27 million; the development permit application conformed to the existing zoning and had been favourably viewed by the Urban Design Panel.

Mr. Brian Calder, Real Estate Board, also representing National Land Inc., advised the only land in Vancouver large enough in size to accommodate mega-markets, is industrially zoned. He suggested Council, instead of trying to mold a developer's requirements into existing by-laws, should indicate it is in favour of large-scale retailing uses on a specific basis, in a particular general area and give staff or consultants a time frame within which to report back.

A Council member referred to Council's previous actions relative to IC-1 and IC-2 zoning, noting it had been the intent of the previous Council that the zoning exclude uses such as mega-markets. He asked when the by-law was scheduled for enactment and what steps Council could consider to ensure no further applications for large-scale retail outlets are processed before the by-law comes forward.

Mr. T. Droettboom, Associate Director - Overall Planning, advised Council had earlier directed the Planning Department to prepare a by-law and staff were in the process of doing this when, subsequently, Council deferred the process pending a report back on the Fraser River Lands Study.

Corporation Counsel explained in order to hold up a development permit application, it must be legally clear that there is a by-law in preparation for that specific site; however, as some ambiguity exists related to this specific issue the Corporation Counsel did not feel Council could hold up issuance of the Westfair permit.

Moved by Alderman Baker, that the Director of Planning report back on the process and reallocation of resources necessary to investigate ways in which the City might deal with large retail uses in a manner which is equitable and which responds to Council's many concerns about such uses, with particular regard to neighbourhood impacts.

-CARRIED

(Aldermen Bellamy, Caravetta, Davies, Eriksen and Puil opposed)

Moved by Alderman Baker, that Council concur with the Director of Planning's assessment that in the context of a commitment to produce a large-scale retail plan, the proposal from Westfair Foods deserves favourable consideration as a set of uses complying with the existing M-2 schedule.

-CARRIED

(Aldermen Bellamy, Caravetta, Davies, Eriksen and Puil opposed)

Moved by Alderman Baker, that whereas conditional uses may be permitted or refused under the Zoning and Development By-law, and the Director of Planning is not bound by precedent, Council advise the Director of Planning it has no objection to permitting the proposed use of 3505-3585 Grandview Highway by Titan Wholesale Club; Further that future applications for similar uses continue to be reviewed by the Director of Planning on their merit.

-LOST

(Aldermen Bellamy, Boyce, Caravetta, Davies, Eriksen, Price, Puil, Taylor and the Mayor opposed)

Moved By Alderman Boyce, that Council concur with the Director of Planning's assessment that approval of a conditional use development permit for Titan Wholesale Club would establish an undesirable precedent for other similar applications, and therefore the application should not be approved.

-CARRIED

(Aldermen Baker and Owen opposed)

Moved by Alderman Puil, that the Director of Planning be instructed to bring forward a by-law restricting large-scale retail markets in all industrial areas to a total size of 33,000 sq.ft. with accessory/ancillary use only being 33 1/2% of the area or 10,000 sq.ft., whichever is the greater.

-CARRIED

(Aldermen Baker and Owen opposed)

COUNCIL ACTION CLARIFICATION

On April 28, 1987, relative to the above matter:

The City Clerk circulated a memorandum dated April 28, 1987, suggesting a clarification of the motion of April 14, 1987 with respect to large-scale retail uses in industrial areas.

Moved by Alderman Puil, that the Director of Planning be instructed to bring forth an amendment to the Industrial District Schedules of the Zoning By-law which would restrict retailing, as an outright accessory use, to the percentage of floor space presently permitted in the schedules or 10,000 sq.ft., whichever is the lesser.

-CARRIED UNANIMOUSLY

OTHER:

PART REPORT TO COUNCIL
STANDING COMMITTEE OF COUNCIL
ON FINANCE AND PRIORITIES

April 2, 1987

A meeting of the Standing Committee of Council on Finance and Priorities was held on Thursday, April 2, 1987 in Committee Room No. 1, Third Floor, City Hall, at 3:30 p.m.

PRESENT: Alderman Puil, Chairman
Mayor Campbell
Alderman Baker
Alderman Boyce
Alderman Davies
Alderman Eriksen
Alderman Owen
Alderman Price
Alderman Taylor

ABSENT: Aldermen Bellamy and Caravetta

CLERK: N. Largent

Recorded Vote

Unless otherwise indicated, votes of the Committee on all items are unanimous.

INFORMATION

1. Large-scale Retail Uses in Industrial Areas

The Committee had for consideration a City Manager's report dated March 25, 1987 (on file), in which the Director of Planning advises of recent applications and enquiries to develop large-scale retail uses in the City's outlying industrial lands, specifically Grandview Highway and Southeast Marine Drive; seeks clarification of present Council policy regarding such uses; and recommends the preparation of an explicit plan for accommodating these uses in the City.

Clause No. 1 Continued

Large scale retail uses such as discount department stores, super drugstores, and mega-markets have historically experienced difficulty locating within the City because of the generally small size of existing commercially zoned sites. Many large-scale retailers have sought to relocate in industrial areas, but to date, such proposals have been turned away. Council's concerns have included potential conflict with the City's industrial objectives, potential alterations of Vancouver's commercial structure, a possible rise in industrial land prices, and over-saturation of the retail marketplace. In October of 1985, the Director of Planning recommended preparation of a plan for accommodating mega-markets and other large retail uses in the City (City Manager's report dated October 16, 1985, on file); however, Council at that time resolved that as a matter of policy, it would not favour the rezoning of industrial land to accommodate mega-markets.

The Planning Department has continued to receive development enquiries regarding mega-markets and similar super-store concepts, and recently there has been an acceleration in interest. While a rezoning of industrial land is not requested, the two development permit applications summarized below are requesting interpretations of existing industrial zoning which may be counter to the intent of Council's policy:

TITAN WHOLESALE CLUB, 3505 - 3585
GRANDVIEW HIGHWAY (DA 205490)

On February 16, 1987, Polygon Properties, on behalf of Titan Wholesale Club, submitted a development permit application to alter and change the use of the former Simmons Mattress building on Grandview Highway to a general merchandise wholesale club, occupying 122,100 square feet of combined storage and display space. Goods are sold for resale, business, and personal or household use; customers must hold membership. Information regarding membership rules and operating procedures is attached to the Manager's report. The applicant is seeking outright approval under M-2 zoning as a wholesale use with accessory retail.

Having regard for the intent of Council's policy on mega-markets and for the precedents which could be established for other proposals, Planning and Legal Services staff have carefully considered this and the following application to determine whether, in fact, the proposed uses can be approved outright, as contended by the applicants. Their conclusions with respect to use interpretation should not prejudice complete development permit analysis, which has not yet been finished and which depends on other considerations in addition to use interpretation.

In the case of Titan Wholesale Club, a "wholesale club" as described in the applicant's submission is not identical to "wholesale" as that term is used in common parlance or regular administration of the zoning and development by-law. It indiscriminately mixes wholesale and retail operations in a manner which is neither predictable nor controllable, and as a new hybrid use, a wholesale club may be regarded as a use "similar to" another use which is listed in the by-law. Resorting to the "similar to" procedure automatically makes use conditional or subject to the application of Council and other approved guidelines.

Clause No. 1 Continued

In applying Council policy to the evaluation of the present and comparable proposals, the consideration arises whether the use is more similar to "wholesale" or "retail". The Titan Wholesale Club proposal makes no physical differential between wholesale and retail floor space. In the absence of such a differentiation, and given the liberal membership and operating procedures of this and other wholesale clubs for which a precedent may be set, staff has concluded the proposed use has unconstrained potential to be dominantly retail in performance and perception and must, therefore, be treated as similar to a retail use. As a retail use, at 122,100 square feet of customer-accessible floor area, this proposal is counter to the apparent intent of Council's policy on mega-markets and therefore should be refused.

WESTFAIR FOODS, 350 S.E. MARINE DRIVE (DA 205637)

On March 17, 1987, Aitken Smith Carter Architects, on behalf of Westfair Pacific Ltd., submitted a preliminary development permit application to redevelop the former Wosk warehouse property on S.E. Marine Drive. The proposed new use is described as a multi-use facility incorporating a general merchandise and food wholesale distribution centre of 294,100 square feet, a food manufacturing and processing operation of 44,100 square feet, and a combination store (food and general merchandise) of 98,000 square feet. The applicant is seeking outright approval as a wholesale use with one-third accessory retail space.

With respect to the use interpretation of the Westfair Foods' proposal, without prejudging complete development permit analysis, staff have concluded the use may indeed be outright. While an initial common sense interpretation would interpret a proposed, 100,000 square foot mega-market (at least three times the size of a standard supermarket) not as an outright ancillary use but instead as a principal, and hence conditional, retail use, the Corporation Counsel believes there is a distinct possibility such an interpretation will be overturned if appealed in court.

A legal interpretation would note that the M-2 district schedule uses the broad and generic use term "wholesale"; retail is customarily ancillary to wholesale; and the M-2 schedule is silent on scale, except to limit ancillary uses to one-third of total floor area. Therefore, it is possible to conclude that retail uses which are more or less related to principal wholesale use, and which together do not exceed the proportional floor space limitation, must be approved under the outright ancillary use provision of the zoning.

In this case, the applicant has precisely followed the rules as liberally interpreted: the proposed retail store does not exceed one-third of the total floor area; it is related to the wholesale operation; but it is clearly separate from the wholesale area, which is inaccessible to retail customers. In the Department of Planning's assessment, this proposal deserves favourable consideration as a set of uses complying with the existing M-2 schedule.

Clause No. 1 Continued

POLICY OPTIONS

Should Council wish to reconsider the City posture toward mega-markets and other large-scale retail uses, broad policy options are available (detailed in the report and summarized below):

1. Prohibit large-scale retail development
in industrial areas

If Council remains intent on not seeing mega-markets and similar uses in industrial areas, two action alternatives are available. Firstly, all uses could be interpreted as principal retail uses and therefore as "conditional", thereby providing policy guidance to the Development Permit Board to refuse all such applications. However, as noted in the discussion with Westfair Foods, such a procedure might successfully be challenged in court.

A more legally defensible alternative would be for Council to explicitly prohibit mega-markets through an amendment to the Zoning and Development By-law. As Council has been considering IC-1 zoning for S.E. Marine Drive, and as that zoning would explicitly exclude supermarkets, approval of the Westfair application could be withheld by use of Section 570 of the Vancouver Charter, which sets out the conditions whereby Council may withhold a development permit which may conflict with an amendment to the Zoning By-law in the course of preparation.

However, while a blanket prohibition of large-scale retail development is likely to protect industrial land and existing industrial uses, it is not likely to be effective in preserving the City's retail structure and retail access. Mega-markets located in adjacent municipalities, as well as large stores constructed under the City's existing commercial zoning, will likely have a profound effect on the City's retail areas and neighbourhood retail structure. In light of its questionable effect, the Director of Planning does not recommend a blanket prohibition of mega-markets and other large-scale retail uses.

2. Permit large-scale retail only in association
with bona fide manufacturing and distribution uses.

A second policy option would be to permit large-scale retail uses only as ancillary to traditional industrial uses, requiring no alteration to existing zoning. However, this requirement would impose a significant cost of entry on retail operations wishing to locate in the City, and could effectively limit competition. Noting the potential inequities and limitation of desirable competition, and therefore the potential negative effects on the Vancouver consumer, the Director of Planning does not recommend this option.

3. Permit large-scale retail as a conditional
use under existing zoning.

Were Council to indicate that mega-markets and other large-scale uses were acceptable in industrial areas, these could be permitted as principal uses under the conditional provisions of the M-1 and M-2 schedules, and would accommodate both the Westfair and Titan proposals. However,

Clause No. 1 Continued

in the absence of other guidelines regarding location and form of use, such a policy could have considerable speculative effect on industrial areas, and might result in construction of retail facilities quite incompatible with both industrial and residential neighbours. Therefore, the Director of Planning does not recommend it.

4. Permit large-scale retail in designated areas only, subject to explicit criteria.

This policy option would be pursued through reconsideration of the Director of Planning's earlier recommendation that a plan for accommodating mega-markets and other large-scale retail uses in the City be prepared, with due regard for concerns raised in Council's earlier discussion of mega-markets, including:

- ample opportunity for fair and open competition;
- adequate retail access;
- safeguard established and desired industries and jobs;
- provide adequate opportunities for new economic activities;
- not create unmanageable environmental impacts or infrastructure costs;
- respecting existing retail districts.

The Director of Planning recommends the foregoing option. With the commitment to produce the plan outlined in Option 4, the concerns raised about the Westfair proposal would be less significant; the Director of Planning believes the preliminary development permit application deserves favourable consideration. However, the Titan proposal would still be of concern and should not be approved.

Council was informed when discussing the Planning Department's 1986/87 Annual Report that staff initially allocated to analysis of retail development issues have had to be reassigned to RS-1 work. Were Council to pursue policy Option 4, additional resources or a further reallocation would be required.

The recommendations of the City Manager and Director of Planning are as follows:

- A. THAT the Director of Planning report back on the process and resources required to expeditiously produce a plan which accommodates large-scale retail uses in the City in a manner which is equitable and which responds to Council's many concerns about such uses.
- B. THAT Council concur with the Director of Planning's assessment that in the context of a commitment to produce a large-scale retail plan, the proposal from Westfair Foods deserves favourable consideration as a set of uses complying with the existing M-2 schedule.

Clause No. 1 Continued

- C. THAT Council concur with the Director of Planning's assessment that approval of a conditional use development permit for Titan Wholesale Club would establish an undesirable precedent for other similar applications, and therefore the application should not be approved.

The Committee then heard from the following delegations:

Mr. Peter Lebedewski, Titan Wholesale Club, and Mr. Michael Audain, Polygon Properties Ltd., felt there was a misconception on the part of the Planning Department regarding the uses planned for Titan Wholesale Club; they are not interested in large-scale retail use mega-markets, but are largely a wholesale firm. Titan is not planning a large food store under the guise of a wholesale club; an excerpt from their brochure, which was appended to the Director of Planning's report, presents a misleading picture. In fact, only about one-third of the sales floor would be devoted to food. Titan's thrust is entirely toward the business community; retail business is supportive in that many small retailers buy from them for resale, and they bring the small businessmen benefits through better inventory control and cash flow.

Referring to a brief circulated at the meeting (on file), the representatives outlined a number of ways in which their proposal differs from the typical mega-store. For example, there will be no franchising or sub-leasing, nor any notable similarity beyond size of the unit. They also submitted that their proposal meets the majority of criteria commonly used to determine wholesale use, with the sole exception of physical separation between retail and wholesale. It is estimated that only about 20% of their business will be retail. Reference was also made to their antecedents in other areas.

Responding to queries, the representatives confirmed there will be no admittance to the general public. Membership criteria must be met by all cardholders, and there is a charge for membership cards. While conceding many wholesale clubs do not significantly restrict admittance, they felt Titan was an exception. The proposed site is ideally centrally located for small businesses and meets the company's criteria well. Employment will be increased from the current 35 to 40 to 120 without loss of existing employment. Titan will occupy only the rear 106,000 square of the 122,000 foot building, with the present offices and show rooms leased as outright uses.

In conclusion, the representatives felt it would be inconsistent if the Committee did not extend Titan the same "liberal interpretation" which is suggested in the Director of Planning's report with reference to Westfair. They urged the Committee to instruct the Director of Planning to approve Titan Wholesale Club as a conditional use.

Mr. Mervin Booty, President, Westfair Pacific Ltd., and Mr. David Aitken, President, Aitken Smith Carter Architects, briefly described the Westfair Foods' proposal, which combines 78% industrial use and 22% auxiliary retail. The vast majority of space will be clearly wholesale, and uses will be kept strictly separate. The company is very committed, and has been planning its entry into the B.C. region for some time; this location will become a distribution centre for the province, with two further stores planned for the near future.

Clause No. 1 Continued

Their proposal will bring to Vancouver \$27 million and 500 jobs. Taxes alone are estimated at \$1 million compared with the present \$175,000. The company is seeking the right to invest in the City under the known rules, and has instructed its architects to plan in accordance with existing City guidelines. They hope to work co-operatively with City staff to this end.

In response to queries, the representatives reiterated there will be strict separation between wholesale and retail, and confirmed there will be no memberships. The property in question was purchased 18 months ago, and their target date is to be underway by July.

In conclusion, they requested the Committee concur with the Director of Planning's assessment of their proposal.

Mr. Firoz Lakhani, President, Real Estate Board, indicated he had little time to review the report. However, he felt one main point had not been addressed, that there are expansion pressures on industrial land which could be valuable for other uses. Until now, Council has treated industrial land as sacrosanct, but there are no large parcels of land in Vancouver which can be developed into industrial parks. Mega-markets in neighbouring municipalities draw substantial business from Vancouver, and Mr. Lakhani felt Council should take heed of economic factors.

Mr. Brian Calder, Real Estate Board, referred to earlier briefs calling for a study of the issue. Large-scale retail users are seeking industrially zoned land because there is no other place to accommodate sites of this size. He predicted large-scale retail sites will eventually break down into smaller commercial components, as has proven the case in areas where they have been existing for 10 or more years. He felt Council should take a leadership role in dealing with this issue.

Responding to queries from the Committee, Mr. Calder felt there will not be any further substantial industrial trend in Vancouver, because sites are already too highly priced and congested, and too much else is available in the region. Mr. Calder and Mr. Lakhani felt Council must deal with each application on its own merits, and should not do blanket zoning, since there are unlikely to be many outright retail uses wanting to relocate in industrial areas.

Mr. Richard Mann, Abitat Consultants Ltd. felt Council had had good advice from the Director of Planning in 1985 when he recommended a study be undertaken as to how best to accommodate large-scale retail uses, and believed that advice should be taken now. Council is dealing here with a volatile and complex issue, and not enough information had yet been made available, particularly technical information. A task force on industrial land use on the North Shore is presently studying the same issue.

The Committee also had before it a letter dated March 30, 1987, from the Vancouver City Planning Commission and attached report dated October 3, 1985. Ms. Joyce Catliff advised the VCPC fully endorsed its 1985 report and recommendations, which are set forth below:

Clause No. 1 Continued

- A. THAT a mega-market study be undertaken at once as a matter of primary importance to examine the economics of mega-markets and its applicability to the Vancouver situation; and that this study include in its terms of reference the following: an exploration of the effects on traditional retail patterns in a number of U.S. and Canadian cities where they have been in operation long enough to have established their impacts, the long-term effects on consumer prices, job creation and the quality to jobs, i.e. the social costs of zoning decisions; and that the terms of reference for this study stress speed, exhaustiveness and independence from the retailing industry; and,
- B. THAT any existing data (such as the Woodward's impact study on Oakridge) be reviewed to determine if the same set of questions and impact concerns should be applied to today's mega-markets as were calculated for similar escalations of retailing in the past; and to study the effects of these past developments in the City's retail patterns over a span of time.
- C. THAT the City serve notice that it will not approve rezoning applications for mega-market sites outside existing commercial zones until it has had time to establish a policy toward mega-market retailing within the City; and, until a study is completed,
- D. THAT the City continue its public process on mega-markets by continuing to elicit opinions of citizens and the business community.

The Committee also noted a letter from Mr. Douglas Jung dated April 1, 1987 (on file), on behalf of the Lower Mainland Independent Grocers Association and the Western Merchants Co-operative Association. In view of having received only very short notice, Mr. Jung was unable to appear as a delegation, but wished to record the Associations' opposition to Council granting permits to the two applicants.

The Committee noted not all members of Council were present for discussion, and for this reason and because little time had been afforded for public input,

RESOLVED

THAT the issue of large-scale uses in industrial areas be referred to the next meeting of Council, and that further delegations be received at that time.

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The Committee adjourned at 5:25 p.m.

SUPPORTS ITEM NO.
FINANCE AND PRIORITIES AGENDA
APRIL 2, 1987

MANAGER'S REPORT

March 25, 1987

TO: Standing Committee of Council on Finance and Priorities

SUBJECT: Large-scale Retail Uses in Industrial Areas

CLASSIFICATION: RECOMMENDATION

The Director of Planning reports as follows:

"PURPOSE

This report advises Council of recent applications and inquiries to develop large-scale retail uses in the city's outlying industrial lands, specifically Grandview Highway and South East Marine Drive; it seeks clarification of present Council policy regarding such uses; and it recommends the preparation of an explicit plan for accommodating these uses in the city.

BACKGROUND

There is a class of retail use which has historically experienced difficulty in locating within the city because of the generally small size of existing commercially zoned sites. Uses within this class include discount department stores, super drug stores, home improvement centres, some furniture outlets, and so-called mega-markets. Most involve large single-level store layouts, ranging in size from 30,000 square feet to in excess of 100,000 square feet. Most also demand ample surface parking and therefore sites of several acres. Unable to find adequate sites within the city's existing commercial zoning, unwilling to pay commercial land prices, or reluctant to adapt their merchandising form to the city situation; many large-scale retailers have sought to locate in industrial areas.

To date the City has turned away proposals to use industrial land for large-scale retail use. Council has been concerned about the potential conflict with the City's industrial objectives and about the potential alteration of Vancouver's commercial structure. There has been some suggestion that the intense retail use of industrial land could create traffic problems for existing manufacturing and distributional uses and raise industrial land prices to the point that new industries could not afford to locate in the city. As well, there has been a worry that it could over-saturate the retail marketplace, deleteriously affect the health of present neighbourhood shopping areas, and hence reduce retail access for some Vancouver residents--particularly for a growing population of elderly persons and others without automobiles.

Council last debated the issue of large-scale retail uses in October of 1985 when it considered a report from the Director of Planning on mega-market development. A copy of that report is attached as Appendix A. A more detailed, earlier report and a summary of extensive public discussion are available in the Planning Department.

During the Council debate on mega-markets, the following amended recommendation of the Director of Planning was moved and lost:

THAT the Director of Planning, in consultation with the Office of Economic Development, prepare a plan for accommodating mega-markets and other major food retailing outlets in the City of Vancouver. (Underlining denotes amendment; the original recommendation read 'and other large retail uses'.)

An alternative recommendation was moved and carried:

THAT Council, as a matter of policy, does not favour the rezoning of industrial land to accommodate mega-markets.

CURRENT PROPOSALS

Subsequent to Council's policy decision, the Planning Department continued to receive development inquiries concerning mega-markets and similar super-store concepts, particularly for South East Marine Drive and for Grandview Highway. Inquirers were advised of Council's policy resolution, and most did not pursue proposals beyond that point.

However, there has been a recent acceleration in both the apparent interest in large-scale retail development and in the vigour with which that interest has been pursued. Two proposals are at a particularly mature stage. While neither is requesting a rezoning of industrial land, both are requesting interpretations of the existing industrial zoning which may be counter to the intent of Council's policy resolution. Each is briefly described below.

Titan Wholesale Club, 3505-3585 Grandview Highway (DA 205490)

On February 16, Polygon Properties, on behalf of Titan Wholesale Club, submitted a development permit application to alter and change the use of the former Simmons Mattress building on Grandview Highway. The proposed new use is described as a general-merchandise wholesale club, occupying 122,100 square feet of combined storage and display space. Goods are sold for resale, business use, and personal or household use. Customers must hold membership, either as 'business members' or as 'group members'. Information about Titan's membership rules and operating procedures is attached as Appendix B. The applicant is seeking outright approval under M-2 zoning as a wholesale use with accessory retail.

Westfair Foods, 350 S.E. Marine Drive (DA 205637)

On March 17, Aitken Smith Carter Architects, on behalf of Westfair Pacific Ltd., submitted a preliminary development permit application to redevelop the former Mosk warehouse property on S.E. Marine Drive. The proposed new use is described as a multi-use facility incorporating a general merchandise and food wholesale distribution centre of 294,100 square feet, a food manufacturing and processing operation of 44,100 square feet, and a combination store (food and general merchandise) of 98,000 square feet. The applicant is seeking outright approval as a wholesale use with one-third accessory retail space.

OTHER POTENTIAL PROPOSALS

In addition to the two well-developed proposals described above, a number of other potential applications are in the wind. Since Council's policy resolution, Planning officials have been approached several times by a major actor in the mega-store trend with an intense interest in the Grandview Highway industrial area. Another food industry giant is widely rumoured to have significant land-holdings in the area. On South East Marine Drive, we know of at least another two mega-market projects which are being actively pursued, and we have received an anonymous inquiry regarding a possible location for another wholesale club.

USE INTERPRETATIONS

Having regard for the apparent intent of Council's policy resolution on mega-markets and for the precedent which could be established for other proposals, planning and legal services staff have carefully considered the two current submissions to determine whether, in fact, the proposed uses can be approved as outright as contended by the applicants. Without prejudging complete development permit analysis, which has not yet been finished and which depends on other considerations in addition to use interpretation, our conclusions are as follows.

Titan Wholesale Club

We have determined that a 'wholesale club' as described in the applicant's submission is not identical to 'wholesale' as that term is used in common

parlance or in regular administration of the Zoning and Development By-law. A wholesale club is not limited either to the sale of goods in bulk or to the sale of goods exclusively for resale. Rather, it indiscriminately mixes wholesale and retail operations in a manner which is neither predictable nor controllable. As a new hybrid use, not contemplated by the drafters of the present by-law, a wholesale club may only be regarded as a use 'similar to' another use which is listed in the by-law. Resort to the 'similar to' procedure automatically makes the use conditional and therefore subject to the application of Council policy and other approved guidelines.

In applying Council policy to the evaluation of the present proposal and comparable proposals, a second consideration arises: is the use more similar to 'wholesale' or to 'retail'? If the answer is 'retail', then we would conclude that the use, at 122,100 square feet of customer-accessible floor area, is counter to the apparent intent of Council's policy on mega-markets and therefore should be refused.

We have no reason to doubt the sincerity of the applicant's assertion that the bulk of sales will be to business customers. However, the applicant's insistence that there be no differentiation between retail and wholesale floor space makes it difficult to ensure that promised sales performance will be maintained. More importantly, it makes it impossible to distinguish the present proposal from other 'wholesale clubs' which the applicant admits are essentially retail. Having regard to the precedent set for similar applications in the future, approval cannot be tied to unenforceable promises, but must be related to the physical differentiation of wholesale and retail floor space. In the absence of such a differentiation, and given the liberal membership and operating procedures of this and other wholesale clubs, we have to conclude that the proposed use has the unconstrained potential to be dominantly retail in performance and perception. It must, therefore, be treated as similar to a retail use.

Westfair Foods

The Westfair case is less clear cut. An initial common-sense interpretation is that there is no way in which a 100,000 square foot mega-market (at least three times the size of a standard supermarket) can be considered as 'customarily ancillary' to a wholesale/distribution facility. We know of no other major food or general merchandise wholesaler (including the applicant's sister company, Kelly-Douglas) which runs a significant accessory retail operation, much less one of the scale proposed here.

However, a legal interpretation would note the following. The M-2 District Schedule makes no reference to 'food wholesale' or 'general merchandise wholesale'. Rather, it simply uses the broad and generic use term 'wholesale'. Retail is customarily ancillary to wholesale (for example, a retail showroom in conjunction with a carpet wholesaler). Further, the M-2 Schedule is silent on scale except to limit ancillary uses to one-third of total floor area. Therefore, it is possible to conclude that any and all retail uses which are more-or-less related to the principal wholesale use and which together do not exceed the proportional floor space limitation must be approved under the outright ancillary use provision of the zoning.

While there is considerable doubt that the Council which approved the M-2 District Schedule in 1956 really intended it to encompass ancillary uses of the type and scale now contemplated (particularly as mega-markets were unknown at the time), there is sufficient ambiguity for an argument to be made that such a liberal use interpretation not be ruled out. Further, there is a principle in law which is generally used to rule in favour of the regulated party when an ambiguity exists. The applicant in this case has precisely followed the rules as liberally interpreted: the proposed retail store does not exceed one-third of the project's total floor area, it is related to the wholesale operation, but it is clearly separate from the wholesale area, which is inaccessible to retail customers. While it makes a great deal of common sense to interpret the proposed mega-market not as an outright ancillary use but instead as a principal and hence conditional retail use, the City's Corporation Counsel believes there is a distinct possibility that such an interpretation would be overturned if appealed in court.

POLICY OPTIONS AND REQUIRED ACTIONS

The policy predisposition of the previous Council was quite clear; the October, 1985 resolution was passed with only two dissenting votes. The policy position of the present Council is less clear. Recognizing that this Council may wish to reconsider the City posture toward mega-markets and other large-scale retail uses, the following analysis briefly discusses four broad policy options and the actions which would be required to pursue each in light of the present development permit applications and probable future applications.

1. Prohibit large-scale retail development in industrial areas.

If Council remains intent on not seeing mega-markets and similar uses in industrial areas, then two action alternatives are available. First, all such uses could be interpreted as principal retail uses and therefore as 'conditional'. In evaluating development permit applications for such conditional uses, the Development Permit Board would have to have regard for Council's policy guidance and, based upon that guidance to date, would refuse all such applications which were similar in function or scale to a mega-market. However, as noted in the discussion on Westfair Foods, such a procedure might be successfully challenged in court.

A more legally defensible alternative would be for Council to explicitly prohibit mega-markets through an amendment to the Zoning and Development By-law. As Council has been considering an IC-1 zoning for South East Marine Drive and as that zoning would explicitly exclude supermarkets, approval of the Westfair application could be withheld by use of Section 570 of the Vancouver Charter. That section provides that Council may withhold a development permit for a period of thirty days, during which it can determine whether the permit conflicts with an amendment to the Zoning By-law in the course of preparation. If Council determines that such a conflict exists, then it may withhold the permit for a further sixty-day period. If within that sixty days, Council does not enact the by-law amendment, the applicant may claim damages from the City.

However, it is important to note that, while a blanket prohibition of large-scale retail development is likely to protect industrial land and existing industrial uses, it is not likely to be effective in preserving the City's present retail structure and retail access. Mega-markets in adjacent municipalities are likely to have nearly as profound an effect on the city's retail areas as large-scale retail uses in the city itself. Two mega-markets are now being constructed in Burnaby's Metrotown. Another is being proposed at Lougheed Highway and Boundary Road and a fourth at the Park and Tilford site just across the Second Narrows Bridge in North Vancouver. Further, even large stores constructed under the City's existing commercial zoning are transforming the traditional neighbourhood retail structure; for example, the closure of the Safeway at Fourth and Alma in association with the opening of that firm's larger store at Broadway and McDonald.

In light of its questionable effect, the Director of Planning does not recommend a blanket prohibition of mega-markets and other large-scale retail uses.

2. Permit large-scale retail only in association with bona fide manufacturing and distribution uses.

A second policy option would take a cue from the Westfair proposal: Council could decide to permit large-scale retail uses only as ancillary to traditional industrial uses. No alterations in the existing zoning would be required to put this policy into effect.

This policy stance would recognize the reality that mega-markets will affect the city's retail structure whether or not they are allowed in Vancouver. It would also be sensitive to the City's industrial objectives; in fact, it might even encourage some bona fide industrial development.

However, the requirement that mega-markets or other large retail uses be ancillary will impose a significant cost of entry on those retail operations wishing to locate in the city. Those operators who are prepared to pay this cost, because they have not already invested in distribution facilities elsewhere in the region, could gain significant market power over those operators who are not in a position to make an industrial investment in the city at this time. This could effectively limit competition.

Noting the potential inequities, the potential limitation of desirable competition, and therefore the potential negative effects on the Vancouver consumer, the Director of Planning does not recommend this option.

3. Permit large-scale retail as a conditional use under existing zoning.

This policy option could also be implemented without a change in zoning and would accommodate both the Westfair and Titan proposals. Were Council to indicate that mega-markets and other large-scale uses were acceptable in industrial areas, these uses could be permitted as principal uses under the 'conditional' provisions of the M-1 and M-2 schedules, having regard for the intent statement in those schedules which states that commercial and industrial uses may be permitted if they 'have limited development or business opportunity in other districts'.

However, in the absence of other guidelines for the location and form of large-scale retail uses, application of this conditional use policy could have considerable speculative effect on industrial areas and may result in the construction of retail facilities which are quite incompatible with both industrial and residential neighbours. Therefore, the Director of Planning does not recommend this option either.

4. Permit large-scale retail in designated areas only, subject to explicit criteria.

This policy option would be pursued through reconsideration of the Director of Planning's earlier recommendation that a plan for accommodating mega-markets and other large retail uses be prepared. Such a plan would seek to accommodate large-scale retail uses in the city but with due regard for all the concerns which were raised in Council's earlier discussion of mega-markets. Such a plan would seek an end result which:

- o provided ample opportunity for all grocery operators and other retailers to compete in the marketplace on a fair and open basis;
- o maintained adequate retail access for all residents, including those without automobiles;
- o safeguarded established and desired industries from incompatible neighbouring land-uses and did not hasten the exit of industrial jobs from the city;
- o preserved adequate opportunities for the incubation of new economic activities and the encouragement of industrial and service sector entrepreneurship;
- o did not create unmanageable environmental impacts or infrastructure costs;
- o respected existing retail districts.

The Director of Planning recommends this option.

CONCLUSION

With a commitment to produce the plan outlined in option 4, the concerns raised about the Westfair proposal in discussion of policy option 2 would be less significant as there would be an implied commitment to allow and encourage competition. The Westfair proposal appears to have been well-thought-out in terms of land-use, building design, site layout, and relation to adjacent uses; and, therefore, the preliminary development permit application deserves favourable consideration.

However, the Titan proposal would still be of concern because of its more significant precedent-setting nature and its distinct break from standard practice in dealing with ancillary uses. It should not be approved.

Unfortunately, as Council was informed when discussing the Planning Department's 1986/87 Annual Report, staff which were initially allocated in 1987 to the analysis of retail development issues have had to be reassigned to the RS-1 work. Were Council to pursue policy option 4, additional resources or a further reallocation would be required.

RECOMMENDATION

The Director of Planning recommends

- A. THAT the Director of Planning report back on the process and resources required to expeditiously produce a plan which accommodates large-scale retail uses in the city in a manner which is equitable and which responds to Council's many concerns about such uses.
- B. THAT Council concur with the Director of Planning's assessment that in the context of a commitment to produce a large-scale retail plan, the proposal from Westfair Foods deserves favourable consideration as a set of uses complying with the existing M-2 schedule.
- C. THAT Council concur with the Director of Planning's assessment that approval of a conditional use development permit for Titan Wholesale Club would establish an undesirable precedent for other similar applications, and therefore the application should not be approved."

The City Manager RECOMMENDS approval of Recommendations A, B, and C.

MANAGER'S REPORT

IV (1)

TO: Vancouver City Council
SUBJECT: Mega-market Development
CLASSIFICATION: CONSIDERATION

1985 10 16

The Director of Planning reports as follows:

PURPOSE

*This report responds to delegations and briefs received on the issue of mega-market development in the City of Vancouver. It identifies the basic decision options emerging from the public and industry representations, and it recommends a course of action from among these options.

BACKGROUND

On October 3, 1985, Council's Committees on Planning and Development and Economic Development met in joint session to hear submissions on the subject of mega-market development. These submissions (summarized in a separate report from the Committees) responded to a Planning Department report which had been received by Council in July and then widely distributed among interested parties. The Planning report analyzed the potential effects of mega-markets relative to the City's identified interests in retail development and compared a number of alternatives for locating mega-markets in the city.

OPTIONS

The submissions to the Committees can be sorted into three basic directions which Council could take regarding mega-markets. Each of these options is listed below with staff commentary.

Option 1: More Study

The principal proponent of this option was the Vancouver City Planning Commission. The VCPC recommended that the City conduct a comprehensive study of mega-markets before considering any rezoning to accommodate these stores. The proposed study would address the need for mega-markets in the city, the impact on existing supermarkets and shopping patterns, the desirability and equity of rezoning industrial areas for large retail uses, and the long-term effect on employment, prices, and corporate concentration.

North American and European experience might throw some additional light on the questions raised by the Planning Commission. However, the Planning Department's initial review suggests that most of that experience is quite recent (a decade or less), is of questionable

transferability to Vancouver, and may not represent the range of newly emerging retail changes which are now hitting Vancouver more or less simultaneously with other major cities. Different retail structures, economic circumstances, transportation systems, terrain, and municipal jurisdictions suggest that the findings of any empirical study are likely to be more suggestive than definitive.

Before engaging in further study, it is also important to recognize that many of the most important questions about mega-markets are not necessarily technical. Council should ask whether more information would truly be helpful or whether philosophical predispositions are such that they will take priority regardless of study findings. A general study is more likely to be helpful after Council has sorted out some of the philosophical issues relating to bigness, competition, and equity in the marketplace and is in a position to be relatively precise about the information needed to resolve any remaining uncertainty.

Option 2: No Change

Several groups--including the Lower Mainland Independent Grocers Association, the Grandview-Woodland and Hastings-Sunrise Planning Committees, and the Vancouver Economic Advisory Commission--argued that the City should not change land-use policy in order to accommodate mega-markets. Reasons given included:

- o protection of existing retailers;
- o support of existing retail areas;
- o preservation of industrial land;
- o maintenance of a unique Vancouver quality of life.

In adopting the 'Statement of City Responsibilities and Interests in Retail Development', Council indicated that it is not in the City's interest to protect existing retailers from competition. The consumer and employment benefits of competition have been acknowledged to outweigh any obligation the City might feel to individual retailers because of their pre-existing tenure in Vancouver.

The support of existing retail areas, as opposed to individual retailers, is generally recognized as a legitimate City interest. Prohibiting unjustified additions to the city's retail zones is one approach to providing this support. Other approaches may include assistance in filling a new market niche or otherwise adapting to a changing competitive situation. Examples of such adaptation in cities with mega-markets were cited at the Committee meeting. Even if mega-markets do not locate in this city, adaptation may be essential in some Vancouver districts which are vulnerable to competition from mega-markets in adjacent municipalities.

-3-

Preservation of industrial land for bonafide manufacturing and other industrial uses has been a long-standing City policy. This policy and alternative perspectives are discussed under Option 3 below.

The appeal to a unique Vancouver quality of life is seductive. Sub-urban style mega-markets definitely do not fit with the special neighbourhood quality that characterizes many of Vancouver's shopping districts. However, the tastes of those who prefer traditional neighbourhood shopping need to be traded off against those who desire mega-market retailing, both for the experience and for the lower prices. The ideal solution would maintain opportunities both for traditional neighbourhood shopping and for the new mega-market concept which many people seem to prefer. The City should avoid rejecting a retail form simply because 'people like us would not go there.'

Option 3: Rezone Industrial Land

This is the option which representatives of the large grocery chains, the development industry, and most other business interests preferred. It also received implied support from the Consumers' Association of Canada, which argued that mega-markets in Vancouver would foster increased competition and lower prices and that one or two 'test' stores should be permitted.

The grocery and development representatives regarded non-industrial locations as either impractical or too imposing on surrounding neighbourhoods. While it is easy to see why industrial sites are the choice of store developers--low-cost land, no change in preferred store size or form, little or no site assembly, and limited complaints from neighbours--the advantages from the City's point of view are less clear. Mega-markets in industrial areas could have the dual disadvantages of pulling retail interest away from existing shopping areas and eroding industrial development opportunities.

While the one-stop shopping concept may be prohibited, we are not convinced that the lower grocery prices found in megamarkets cannot be had in many existing retail districts by varying store size and configuration from the industry optimum. In this regard, we note that Save-On-Foods opened a new and very successful store in North Vancouver with a floor area less than 30,000 square feet. This example and the even smaller Save-Ons in Burnaby and Richmond (the latter now replaced by the Richmond mega-store) suggest that lower prices and other aspects of the mega-market concept are not solely dependent on a very large store size. We also note that the 45,000 square foot Safeway with structure parking which has been recently approved at Broadway and MacDonald may demonstrate that a slight modification of form can produce a fairly large store in existing commercial areas. Although only a few available sites of suitable size can be easily identified, it could be argued that once the demand for large sites is apparent the market will identify the optimal locations and assemble parcels which adequately serve the needs of large store operators.

The preservation of an industrial base in order to provide a range of employment opportunities for the city's residents is a long-standing city policy. However, there has been limited success in implementing this policy to date. Genuine industrial demand for city land has been weak; some manufacturing and distributional uses have relocated to the suburbs; and non-industrial uses have gained a larger foothold in the city's industrial areas through conditional use permits, legal loopholes, and decisions of the Board of Variance. Given the general perception of a decline in British Columbia's traditional industries, an absence of major new industrial successors, the increasing preference of many industries to locate on large suburban sites, and Vancouver's emergence as a so-called post-industrial city; it could be argued that it may not do grievous harm to open up some surplus industrial land for large site retail uses.

The counter argument is that the city's industrial areas provide an important incubator function for the region and the areas which are currently most appropriate for non-industrial use are the areas with developable parcels too small or already too expensive to be useful for large-site retail uses. In order to provide the city-wide distribution of sites which would be preferred by large retail uses, additional industrial areas would have to be opened up; and, to avoid local monopolies, several potential sites in each area would be required. Increased assessed values and off-site impacts could reduce the viability of industrial activities adjacent to mega-markets. Even though the development of replacement retail uses on industrial land might provide some badly needed short-term jobs, it is unlikely to result in long-term net job growth. Therefore, the use of industrial land should not be viewed as an easy solution to the mega-market location problem.

One of the City's prime interests in retail development is ensuring adequate retail access for all residents. Allowing mega-markets in many of our industrial areas could result in very poor accessibility for those without cars, presumably the group which is in the greatest need of lower food prices and one-stop shopping.

In addition, opening up industrial land for mega-market and other large scale retail development has an element of unfairness about it--at least in the short-term. Initial mega-market developers could take advantage of low industrial land prices to reduce their fixed capital costs relative to their competitors in more traditional commercial areas. They might also be freed of many of the burdens of neighbourliness which stores next to residential areas have to bear. But absolute fairness rarely prevails in any rezoning; all rezonings involve some redistribution from one group to another. Council will have to decide whether the potential consumer benefits of mega-markets on industrial land outweigh the inequities suffered by existing retailers, who played and profited (occasionally unfairly, too) by the old rules.

Finally, it needs to be emphasized again that not just mega-markets are at issue. Once the city's industrial areas are opened up to very large grocery stores, selling a substantial component of general merchandise, it would be nearly impossible and surely inequitable to exclude other large purveyors of such merchandise, including discount department stores, super drug stores, home improvement centres, and warehouse-style furniture retailers.

CONCLUSION

In deciding which direction to take, Council will have to balance the very tangible and well-documented short-term consumer benefits of mega-markets against three principal longer-term risks:

- o the potential reduction of industrial and service sector development options and related job opportunities in the city;
- o the possible disruption of existing neighbourhood shopping districts; and
- o the possibility that mega-market development may eventually lead to lessened competition in the retail market and higher consumer prices.

The industrial erosion issue is very much an uncertain judgment call. Some analysts believe that there might yet be an industrial renaissance or an absolute growth in economic activity, requiring more industrial land both for traditional industrial functions and for new economic pursuits which we can now only dimly perceive. Others believe that Vancouver's era as an industrial city is over and that additional industrial land can be released for other uses. It is certain, however, that if industrial land is not released with a great deal of care and regard for the relationship to existing industrial uses, it could hasten the exit of industrial jobs already here.

The worry about existing neighbourhood shopping districts calls into question their fundamental strength to begin with. If they are indeed so important to the Vancouver quality of life, then certainly those Vancouverites who value them will continue to support them regardless of competing opportunities. If not, then City Council has to grapple with the issue of whether these areas are so precious that they are worth subsidizing through higher consumer prices. If present shopping districts cannot compete and survive, then city-assisted adaptation to other uses may be required. Transportation subsidies for those who cannot reach lower cost grocery stores by car are also a consideration.

On the issue of corporate concentration and lessened competition in the long term, the viewpoint espoused at the Committee meeting, that mega-markets need to maintain low prices in order to induce people to travel the long distances required by their trading areas, is very plausible in the short-term. It may be as valid in the long term as the possibility, raised in the Planning Department Report, that an oligopoly would emerge as traditional supermarkets close.

On balance, the Director of Planning believes in erring on the side of providing more, rather than less, opportunity for new and innovative retail forms to compete in the marketplace and for consumers to freely choose what they prefer. He also believes that Vancouver residents should not be denied the benefit of lower food prices. He notes, however, that there are a number of community objectives which need to be respected as change is introduced to the city. Therefore, he feels that Vancouver ought to move cautiously and incrementally in the direction of introducing at least some aspects of the mega-market concept to the city. To do this, he proposes that the City prepare a careful plan for accommodating mega-markets and other large retail uses in Vancouver. This plan would evaluate development opportunities and constraints in both commercial and industrial districts and would propose a development and zoning strategy which allowed the desired new uses subject to reasonable assurance that the end result:

- o provided ample opportunity for all grocery operators and other retailers to compete in the marketplace on a fair and open basis;
- o maintained adequate retail access for all residents, including those without automobiles;
- o safeguarded established and desired industries from incompatible neighbouring land-uses and did not hasten the exit of industrial jobs from the city;
- o preserved adequate opportunities for the incubation of new economic activities and the encouragement of industrial and service sector entrepreneurship;
- o did not create unmanageable environmental impacts or infrastructure costs;
- o respected existing retail districts.

RECOMMENDATION

The Director of Planning recommends:

- A) THAT the Director of Planning, in consultation with the Office of Economic Development, prepare a plan for accommodating mega-markets and other large retail uses in the City of Vancouver."

The City Manager comments as follows:

This report describes three options:

- 1: More study
- 2: No change
- 3: Rezone industrial land.

The final recommendation (A) seems to be a mixture of options 1 and 3. The idea of rezoning some industrial (and commercial) land is accepted in principle, but the particular locations and conditions of rezoning are to be the subject of more study.

However, the report contains good arguments both for recommendation A and against it. Hence, the City Manager submits for Council's CONSIDERATION the choice between recommendation A as set out above, which approves in principle accommodating mega-markets in the city (including its industrial districts.)

OR

- B) That Council, as a matter of policy, does not favour the rezoning of industrial land to accommodate mega-markets.



CONDITIONS OF WHOLESALE MEMBERSHIP AND RULES OF OPERATIONS

Membership

- 1) Membership is non-transferable. Titan, The Wholesale Club membership cards are only to be used by the individuals to whom they are issued.
- 2) Titan, The Wholesale Club reserves the right to refuse membership to any applicant.
- 3) Membership is available to Titan, The Wholesale Club members only.
- 4) Membership is subject to any and all rules adopted by Titan, The Wholesale Club and these rules may be amended from time to time without notice or consent by the members.

Membership Fee and Additional Conditions

- 1) Membership fee is \$25.00. This entitles the member to one permanent company membership card and privileges of Titan, The Wholesale Club.
 - 2) Each member may order four additional memberships. Additional memberships will be issued permanent company membership cards for \$15.00 each. These additional cards expire in the same year as the main membership card, regardless of when they were issued.
 - 3) Members may request after closing and receive full refund of fee at any time.
 - 4) If membership cards are lost, stolen or changed, there will be a \$15.00 charge for each replacement card.
- *Plus sales tax if applicable.

Renewing and Transferring Membership

- 1) Renewal, transfer or membership changes must be authorized by the individual originally qualifying the application.
- 2) Renewal of membership must be completed for all memberships when renewal is prompted.

Purchasing Privileges, Guests and Other Rules

- 1) No sales will be made to any person unless such person has a valid membership card.
- 2) Each membership card allows two guests. However, guests do NOT have purchasing privileges.
- 3) Titan, The Wholesale Club may refuse entry to anyone at any time at its option.
- 4) Titan reserves the right to limit quantities.
- 5) Children - Parents must keep their children with them at all times. Parents do NOT allow children to stand in view windows or ride on glass display cases.
- 6) No smoking in Titan, The Wholesale Club.
- 7) No bare feet. Shoes must be worn.
- 8) Members will be required to purchase any packages opened or damaged by them or their guests.

Payments

- 1) All purchases are cash and carry - no delivery and no credit - no lay-away.
- 2) Purchases must be paid for by cash or authorized charges. Checks must be in the name of member. All charges must be subject to member's or guest's shopping cartons with the name of the member or guest pre-printed on the checks. Checks must be drawn on Canadian funds. Any exceptions to charge making rules must be pre-approved in writing by the general manager.
- 3) The member will be personally liable for purchases made by all memberships. In the event that either the member or additional member has a charge disallowed by the bank, the member will pay the full amount of the charge and expenses incurred as a result thereof, upon demand.
- 4) If any charge is disallowed for any reason, the Wholesale member agrees to make good each amount upon demand. If any legal action is brought by Titan, The Wholesale Club to enforce any charges, the member will pay the full amount of the charges, expenses thereof at the rate of ten percent (10%) per annum, and reasonable attorney's fees, in addition to all other fees, costs, and expenses of collection. In addition to the above, for each returned charge there shall be a charge of \$15.00.
- 5) Prohibited checks are subject to membership revocation and prosecution.
- 6) Title to all merchandise passes to the member at the time the merchandise has been checked out. Thereafter the member bears the risk of loss for each merchandise except for theft or employee use of Titan, The Wholesale Club or its employees.
- 7) Any merchandise of an authorized member must be handled in person or sent by mail to Titan, The Wholesale Club. The member card must be returned to Titan, The Wholesale Club.

Use of Return Privilege or Satisfaction of Privilege No Liens

- 1) If any merchandise purchased is for the member's own use or otherwise subject to sales tax, it will declare the same to member and request that sales tax be collected by Titan, The Wholesale Club on such merchandise at the time of its purchase.
- 2) No member agrees that at the time a sale is paid cash, it will hold Titan, The Wholesale Club harmless from and indemnify a person any claim for or against merchandise by any person, and that no membership in Titan, The Wholesale Club will be subject to attachment or lien.
- 3) In the event any taxable property purchased without tax is used for any purpose other than personal, domestic or display while holding a title in the regular course of business, it is understood that the member is required by law to report and pay tax, measured by the purchase price of such property or value determined otherwise.

Warranty and Return Policy

Refunds will be made only on products in original container with Titan, The Wholesale Club sales receipt.

UNUSED AND SALEABLE MERCHANDISE

- Must be returned within 30 days of purchase.

DEFECTIVE MERCHANDISE

- Member must return defective merchandise, if available.
- Refunds must be within reasonable time from purchase date.

FACT SHEET

Name: Titan. The Wholesale Club. (Titan Warehouse Club Inc.)

Location: 117,000 square feet - Warehouse
847 Highbury Avenue, London, Ontario
N5Y 4W6
Telephone: 453-0175 or 1-800-265-1987

Description: Titan is a membership only, Cash and Carry, wholesale outlet operating from a 117,000 sq. ft. warehouse. Titan sells a wide variety (over 4,000 items) of national brand name merchandise and supplies at true wholesale prices to independent businesses of all kinds and to certain qualified individuals. The London Club is the first of a national chain.

Merchandise:

Office Supplies	Tobacco
Automotive Supplies	Stereo and TV
Housewares	Confectionery
Appliances	Hardware
Groceries	Produce
Restaurant Supplies	Frozen Foods
Sporting Goods	Clothing

Pricing: Low prices. If any member finds a lower everyday price on an item identical to one purchased at Titan, the Titan price will be lowered. The difference between the new, lower Titan price and the price at time of purchase will be refunded to the member.

Membership:

- Members only, not open to the public.
- Business members qualify with presentation of Retail Sales Tax permit, Letters of Incorporation or similar documentation verifying business status. Annual fee is \$25 for first card. Up to four additional cards can be obtained for \$10 each.
- Individuals can qualify for Group Memberships with proof of belonging to qualifying associations, groups or companies. There is no annual membership fee, but Group Members pay a small additional surcharge on purchases (3%).
- Membership cards are not transferable.
- Membership fees are totally refundable within the first 90 days if new member is in any way dissatisfied.

**Benefits of
Titan Membership:**

- Lower overall prices than available from current suppliers.
- Immediate inventory availability.
- No additional charges for freight or handling.
- Buy in small quantities and reduce inventory investment.
- Substantial savings on supplies and merchandise.
- Sample new products for business expansion without large inventory investment.
- Purchase, within many categories of merchandise for personal use, at true wholesale prices.

Groceries • Compare and Save



TH-DIT

Printed paper towels
2 roll pack
Case of 18 **\$14.25**

Gaines Meal
8 kg bag **\$5.99**

Neilson
Chocolate Bars
Crispy Crunch, Malted Milk,
Mr. Big
Box of 36 **\$14.20**

SPAGHETTI SAUCE/ TOMATO SAUCE

Ragu Plain Spaghetti Sauce 12/28 oz glass bottle	Per Case	\$16.29	_____
Primo Spaghetti Sauce 12/28 oz tin	Per Case	\$11.99	_____
Huata Tomato Sauce 24/28 oz tin	Per Case	\$20.95	_____
Huata Tomato Paste 24/13 oz tin	Per Case	\$20.79	_____

DELI

Baden Mild Cheddar Cheese 6 x 227 g package		\$8.63	_____
Gey Lee Sour Cream 4 L plastic pail		\$8.29	_____
Crescent Cheese Slices 12/500 g package	Per Case	\$27.99	_____
Everfresh Orange Juice from concentrate 6/2 L plastic jug	Per Case	\$8.99	_____
Kraft Cheese White 12/500 g glass jar	Per Case	\$34.99	_____

VEGETABLES

Green Giant Niblets fancy Whole Kernel Corn 75 oz tin		\$2.19	_____
Aylmer Choice Tomatoes 24/28 oz tin		\$18.99	_____
Del Monte Seasoned Green Beans 24/14 oz tin	Per Case	\$15.35	_____
Green Giant Fancy Peas 12/14 oz tin	Per Case	\$7.59	_____

TOMATO PRODUCTS

Primo Pizza Sauce 100 oz tin		\$3.99	_____
Heinz Tomato Paste 100 oz tin		\$4.69	_____
Heinz Whole tomatoes 100 oz tin		\$2.99	_____

Cigarettes
all major brands
at competitive prices

FRUITS

Del Monte Fancy Peach Slices and Fruit Cocktail 24/28 oz tin	Per Case	\$36.59	_____
Cobi Applesauce 100 oz tin		\$2.85	_____
E.D. Smith Cherry Pie Filling 12/19 oz tin	Per Case	\$20.99	_____
Allen Applesauce 12/28 oz glass jar	Per Case	\$15.15	_____

SOUPS

Heinz R.T.S. Chicken Noodle Soup 24/8 oz tin	Per Case	\$8.99	_____
Campbell Condensed Cream of Mushroom Soup 48/10 oz tin	Per Case	\$21.79	_____
Mz. Noodle Beef Flavour Noodle Mix 24 x 85 g package	Per Case	\$4.39	_____
Lipton Chicken Noodle Soup Mix 36/170 g box	Per Case	\$28.25	_____

JUICE CANNED

Mitchell's Pure Apple Juice 12/48 fl oz tin	Per Case	\$13.75	_____
Welch's Grape Juice from concentrate 64 oz		\$3.25	_____
Morco Clementine Juice 12/48 fl oz tin	Per Case	\$20.99	_____
Libby's Fancy Tomato Juice 12/48 fl oz tin	Per Case	\$11.45	_____

FROZEN FOOD

Old South Orange Juice from concentrate 24/12.5 oz tin	Per Case	\$22.94	_____
McCain Crinkle Cut French Fries 30 lb		\$11.99	_____
Welch's Grape Juice from concentrate 24/12 oz tin	Per Case	\$23.99	_____
Onion Rings 11 lb box		\$12.59	_____
Green Giant Fancy Kernel Corn 12/1 kg bag	Per Case	\$21.99	_____
McCain Straight Cut French Fries 6/1.5 kg bag	Per Case	\$10.55	_____
Highliner Fish Fries 12/700 g box	Per Case	\$27.29	_____
Sara Lee Croissants (1 1/2 oz) 48 per box		\$18.26	_____

CEREALS

Kallogg's Rice Krispies 24/575 g box	Per Case	\$39.65	_____
Nabisco Shredded Wheat 24/600 g box	Per Case	\$45.00	_____
Post Alpha Bits 24/450 g box	Per Case	\$49.75	_____
General Mills Cheerios 24/575 g box	Per Case	\$54.15	_____

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2-day
Price
Qty
Quantity
Per

PASTA/RICE

Prime Elbow Macaroni 10 lb box		\$5.49	
Uncle Ben's Converted Long Grain Rice 12/2 kg bag	Per Case	\$43.29	
Dumy Super Patino Long Grain Rice 10 kg bag	Per Case	\$5.99	

CONDIMENTS

A1 Steak Sauce 12/7 oz glass bottle	Per Case	\$9.43	
Kraft BBQ Sauce Regular 12/455 ml glass bottle	Per Case	\$13.88	
Delim Mustard 4 L plastic bottle		\$2.99	
H.P. Sauce 24/200 ml glass bottle	Per Case	\$18.99	
Bick's Cu-Bits Green Relish 12/375 ml glass jar	Per Case	\$12.23	

CANNED MEATS & FISH

Luxury Canadian Crab Meat 12/120 g tin	Per Case	\$36.88	
Clover Leaf Sockeye Salmon 48/7.75 oz tin	Per Case	\$96.88	
Chef Boy-Ar-Due Ravioli 12/850 g tin	Per Case	\$17.99	
Swift Premium Canned Ham 12/680 g tin	Per Case	\$43.65	
Heinz Spaghetti in Tomato Sauce 24/19 oz tin	Per Case	\$28.89	
Fray Borden Corned Beef 24/12 oz tin	Per Case	\$39.96	
Libby's Deep Brown Beans 24/19 oz tin	Per Case	\$23.89	

COFFEE/TEA/CREAMERS

Maxwell House Instant Coffee 12/227 g glass jar	Per Case	\$44.59	
Carnation Coffee/Mate 15/500 g glass bottle	Per Case	\$33.99	
Salada Orange Pulse Tin 4/250 2 cup	Per Case	\$29.99	
Nabob Tradition Ground Coffee 12/369 g vac pak	Per Case	\$44.49	
Taster's Choice Freeze Dried Instant Coffee 12/198 g glass jar	Per Case	\$74.79	
Tutley Orange Pulse Tin 72's 24/227 g box	Per Case	\$53.49	
Nescafe Instant Coffee 12/227 g glass jar	Per Case	\$44.59	

DRINKS

Tang Grape Drink 27/350 ml extra pak	Per Case	\$8.58	
Welch's Grape Drink 27/350 ml extra pak	Per Case	\$8.95	

COCKTAIL MIXES

Seaford Lemon Bar Mix 800 g bag		\$2.99	
Seaford Grenadine Syrup 4 L glass bottle		\$9.75	

Compare & Save

2-day
Price
Qty
Quantity
Per

BAKING SUPPLIES

Darken Corn Search 24/500 g box	Per Case	\$13.99	
Sunny Gold Sulman Raisins 12/750 g bag	Per Case	\$18.89	
Chippis Semi-sweet Chocolate Chips 12/500 g bag	Per Case	\$31.99	

DRESSING

Kraft Miracle Whip Salad Dressing 12/1 L glass jar	Per Case	\$38.99	
Kraft French Dressing 12/500 ml glass jar	Per Case	\$38.49	
Kraft Low Calorie 1000 Island Dressing 12/500 ml glass bottle	Per Case	\$38.39	
Hellmanns Mayonnaise 12/750 ml glass bottle	Per Case	\$34.29	

PICKLES & OLIVES

Oliver Stuffed Manzanilla Olives 4 L		\$9.29	
Bick's Polakis Ogorki Dill Pickles 6/2 L glass jar	Per Case	\$17.75	
Bick's Sweet Mixed Pickles 6/2 L glass jar	Per Case	\$23.89	
Bick's Yum Yum Pickles 12/1 L glass jar	Per Case	\$22.99	
Bick's Stuffed Manzanilla Olives 12/375 ml glass jar	Per Case	\$17.49	

JAMS/JELLIES

Welch's Grape Jelly 12/500 ml glass jar	Per Case	\$18.49	
Bethive Corn Syrup 12/1 L plastic jar	Per Case	\$19.99	
Kraft Peanut Butter Smooth 12/500 g plastic jar	Per Case	\$17.85	
Auxis Jamminc Syrup 12/750 ml plastic jar	Per Case	\$19.19	

CANDIES & SNACKS

Potato Chips 36 x 32 g bag		\$18.88	
Lowrey Oh Henry Bar 48 bars	Per Case	\$19.29	
Cracker Jack 36 boxes		\$13.89	
Rowntree Coffee Crisp box of 48		\$19.29	
Pamers Pinner box of 36	Per Case	\$14.50	
Pamers Dry Roasted Peanuts 12/450 g glass jar	Per Case	\$26.89	

SUNDRIES — CLEANING SUPPLIES

Tide Powdered Detergent 20 kg box		\$39.25	
Ajax Cleanser 48/400 g tin	Per Case	\$19.99	
Joy Liquid Detergent 4 L plastic jug		\$5.99	
Mr. Clean Liquid 4 L plastic jug		\$7.89	
Electraul Dishwasher Detergent 1.4 kg box	Per Case	\$29.49	
Irish Spring Bar Soap 24/270 g	Per Case	\$26.89	